

# TOWN OF BLANCHARD, LOUISIANA

## General-Purpose Financial Statements with Supplemental Statements June 30, 2003

Under provisions of state law, this report is a public document. A copy of this report has been furnished to the entity and other appropriate public officials. This report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, in the office of the parish clerk of court.

Release Date 10-28-03

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# TOWN OF BLANCHARD, LOUISIANA

General Purpose Financial Statements  
As of and for the Year Ended June 30, 2003  
With Supplemental Information Schedules

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# TOWN OF BLANCHARD, LOUISIANA

General-Purpose Financial Statements  
As of and for the Year Ended June 30, 2003  
With Supplemental Information Schedules

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**INDEPENDENT AUDITOR'S REPORT**

The Honorable Larry Permenter, Mayor  
and the Members of the Board of Aldermen  
Town of Blanchard, Louisiana

I have audited the general-purpose financial statements of the Town of Blanchard as of June 30, 2003, and for the year then ended, as listed in the table of contents. Those general-purpose financial statements are the responsibility of the Town of Blanchard, Louisiana's management. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Blanchard, Louisiana, as of June 30, 2003, and the results of its operations and cash flows of its proprietary fund type for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated September 5, 2003, on my consideration of the Town of Blanchard, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as supporting schedules and on the individual fund and account group financial statements in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of the Town of Blanchard, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

*Deborah D. Dees, CPA*

Marshfield, Louisiana  
September 5, 2003

## INDEPENDENT AUDITOR'S REPORT

The Honorable Larry Fontenot, Mayor  
and the Members of the Board of Aldermen  
Town of Blanchard, Louisiana

I have audited the general-purpose financial statements of the Town of Blanchard as of June 30, 2003, and for the year then ended, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Town of Blanchard, Louisiana's management. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

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*Deborah D. Dees, CPA*

MancheL, Louisiana  
September 5, 2003

**TOWN OF BLANCHARD, LOUISIANA**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
 Continued Balance Sheet— June 30, 2003

	Governmental		Proprietary		General		Totals	
	Fund Type	Fund Type	Fund Type	Fund Type	Major	Minor	(Governmental Only)	
	GENERAL	SEWERAGE	WATER	STREET LIGHTS	STREET LIGHTS	STREET LIGHTS	STREET LIGHTS	STREET LIGHTS
<b>ASSETS AND OTHER DEBITS</b>								
Cash and cash equivalents	\$ 50,424	\$ 440,425	\$	\$	\$	\$	\$ 490,849	\$ 500,142
Investments	0.000						0.000	0.000
Accounts receivable	11,200	100,470					111,670	100,157
Due from other funds	0.000	1,750					1,750	0.000
Other receivables								0.000
Deposits	00	0					00	00
Prepaid assets:								
Cash and cash equivalents		800,000					800,000	800,000
Fixed assets (Net value of)		7,300,000					7,300,000	7,300,000
Unamortized bond issue costs		100,000					100,000	100,000
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 70,624</b>	<b>\$ 1,342,595</b>	<b>\$</b>	<b>\$</b>	<b>\$ 1,070,200</b>	<b>\$</b>	<b>\$ 1,342,595</b>	<b>\$ 1,342,595</b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>								
Liabilities:								
Accounts payable & accrued expenses	\$ 4,000	\$ 20,000	\$	\$	\$	\$	\$ 24,000	\$ 24,000
Due to other funds	1,750	0.000					1,750	0.000
Payables from restricted assets:								
Current portion of revenue bonds payable		211,717					211,717	200,000
Accrued interest on long-term debt		100,000					100,000	110,000
Other liabilities		200,000					200,000	100,000
Long-term revenue bonds payable		0.000					0.000	0.000
<b>Total liabilities</b>	<b>\$ 7,500</b>	<b>\$ 511,717</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 519,217</b>	<b>\$ 414,000</b>
Equity and other credits:								
Contributions in capital		2,700,000					2,700,000	2,700,000
Investment in general fund assets								
Retained earnings		210,000					210,000	210,000
Reserve for revenue bond retirement		0.000					0.000	0.000
Unamortized		0.000					0.000	0.000
<b>Total equity and other credits</b>	<b>\$ 2,910</b>	<b>\$ 2,910,000</b>	<b>\$</b>	<b>\$</b>	<b>\$ 1,070,200</b>	<b>\$</b>	<b>\$ 2,910,000</b>	<b>\$ 2,910,000</b>
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<b>\$ 10,510</b>	<b>\$ 2,910,517</b>	<b>\$</b>	<b>\$</b>	<b>\$ 1,070,200</b>	<b>\$</b>	<b>\$ 2,910,517</b>	<b>\$ 2,910,517</b>

The accompanying notes are an integral part of this statement.

**TOWN OF BLANCHARD, LOUISIANA**  
**NONFUNDAL FUND TYPE - GENERAL FUND**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP) Basis to Action**  
**For the Year Ended June 30, 2003**  
**With Actual Amounts for Year ended June 30, 2003**

	<b>GENERAL FUND</b>		<b>VARIANCE Favorable (Unfavorable)</b>	<b>2002 Actual (Memorandum Only)</b>
	<b>BUDGET</b>	<b>ACTUAL</b>		
<b>REVENUES:</b>				
Ad valorem taxes	\$ 66,000	\$ 67,384	\$ (500)	\$2,071
Sales taxes	67,000	67,649	649	64,416
Franchise fee	41,000	39,893	(1,097)	31,614
Intergovernmental revenues:				
Federal grant	436	436	0	16,436
State grant	22,000	22,600	600	
License and permits	66,000	65,641	(359)	41,436
Charges for services	70,000	77,876	7,876	77,700
Fees and forfeitures	17,000	16,001	(999)	20,800
Use of money and property	600	700	100	4,600
Other	6,500	5,988	(512)	5,619
<b>TOTAL REVENUES</b>	<b>278,500</b>	<b>283,617</b>	<b>10,500</b>	<b>206,602</b>
<b>EXPENDITURES:</b>				
Current:				
General government	41,000	42,730	(800)	37,000
Public safety	286,000	284,366	1,634	162,007
Sanitation	66,000	64,376	1,624	57,000
Streets and right-of-ways	26,000	26,187	(187)	16,000
Buildings and grounds	16,000	16,366	(366)	12,000
Capital outlays	37,000	34,676	2,324	20,000
<b>TOTAL EXPENDITURES</b>	<b>602,000</b>	<b>568,581</b>	<b>4,419</b>	<b>302,007</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(323,500)</b>	<b>(284,964)</b>	<b>20,500</b>	<b>(7,000)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of assets				3,000
Operating transfers in	60,000	60,000	40,000	20,700
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>60,000</b>	<b>60,000</b>	<b>40,000</b>	<b>20,700</b>
<b>Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses</b>	<b>10,500</b>	<b>(24,964)</b>	<b>(44,000)</b>	<b>16,400</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>		<b>16,400</b>		<b>62,100</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 10,000</b>	<b>\$ 16,400</b>	<b>\$ 24,000</b>	<b>\$21,000</b>

**TOWN OF BLANCHARD, LOUISIANA**  
**PROPRIETARY FUND TYPE - ENTERPRISE FUNDS**  
**Statement of Revenues, Expenses, and Changes in Retained Earnings**  
**For the Year Ended June 30, 2003**  
**With Comparative Amounts for Year Ended June 30, 2002**

Statement C

	2003	2002
<b>OPERATING REVENUES</b>		
Water sales	\$ 1,076,407	\$ 1,107,100
Sewer service fees	187,814	165,457
Installations	88,644	48,800
Permits and fees	13,888	8,589
Other income	96,434	33,188
Total operating revenues	<u>1,463,187</u>	<u>1,363,134</u>
<b>OPERATING EXPENSES</b>		
Attorney fees	6,880	7,708
Automotive	23,187	17,867
Depreciation	284,188	378,141
Quota & subscriptions	4,421	
Employee benefits	84,281	89,318
Insurance	78,588	49,580
Maintenance and supplies	271,347	352,057
Miscellaneous	18,508	53,124
Occupational licenses	6,880	
Office expense	24,888	28,828
Payroll taxes	24,888	28,888
Personal services	328,883	318,883
Professional service	17,240	44,888
Telephone and utilities	88,888	78,488
Uniforms	488	
Total operating expenses	<u>1,044,841</u>	<u>1,378,883</u>
<b>OPERATING INCOME (Loss)</b>	<u>418,346</u>	<u>(15,749)</u>
<b>NONOPERATING REVENUES/(Expenses)</b>		
Interest revenue	15,828	31,888
Ad return taxes	14,888	14,188
Ad 27th state highway funds	181,812	
Gain on sale of asset	888	
Amortization of bond discount	(8,287)	(8,287)
Interest expense	(288,281)	(173,128)
Bond administration fees		(1,587)
Net non-operating revenues/(expenses)	<u>(88,840)</u>	<u>(115,136)</u>
Income (Loss) before operating transfers	<u>(46,494)</u>	<u>(131,888)</u>
Operating transfers to other funds	<u>(18,812)</u>	<u>(13,788)</u>
<b>NET INCOME (Loss)</b>	<u>(65,306)</u>	<u>(145,676)</u>
Depreciation transferred to contributed capital	28,188	34,358
Decrease/Decrease in reserve for revenue bond retirement	3,873	(150,843)
Net change in unreserved retained earnings for the year	<u>(33,245)</u>	<u>(313,168)</u>
<b>UNRESERVED RETAINED EARNINGS AT BEGINNING OF YEAR</b>	<u>78,128</u>	<u>314,888</u>
Prior period adjustment for unrecorded liability	<u>8</u>	<u>(18,888)</u>
<b>UNRESERVED RETAINED EARNINGS AT END OF YEAR</b>	<u>\$ 44,891</u>	<u>\$ 73,128</u>

The accompanying notes are an integral part of this statement.

**TOWN OF BLANCHARD, LOUISIANA**  
**PROPRIETARY FUND TYPE - ENTERPRISE FUND**

Statement of Cash Flows  
 For the Year Ended June 30, 2002  
 With Comparative Data for year ended June 30, 2001

	<u>2002</u>	<u>2001</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 1,506,271	\$ 1,304,841
Cash payments to suppliers for goods and services	(864,789)	(714,893)
Cash payments to employees for services	(252,887)	(382,036)
Net cash provided (used) by operating activities	<u>388,795</u>	<u>207,912</u>
<b>Cash flows from noncapital financing activities:</b>		
Ad valorem taxes	<u>14,550</u>	<u>14,150</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of property, plant, and equipment	(165,889)	(370,878)
Proceeds from sale of assets	3,625	
Proceeds from Act 379 state highway funds	183,954	0
Principal paid on revenue bonds	(182,876)	(180,800)
Bond issuance costs		(1,897)
Interest paid on revenue bonds	(368,888)	(376,897)
Transfer to General Fund	(19,913)	(73,758)
Net cash (used) for capital and related financing activities	<u>(360,181)</u>	<u>(665,183)</u>
<b>Cash flows from investing activities:</b>		
Maturities of investments	0	116,368
Interest on investments	<u>15,385</u>	<u>32,824</u>
Net cash provided (used) from (to) investing activities	<u>15,385</u>	<u>149,192</u>
Net increase (decrease) in cash and cash equivalents	<u>(7,101)</u>	<u>(577,069)</u>
Cash and cash equivalents at beginning of year	<u>1,354,385</u>	<u>1,931,454</u>
Cash and cash equivalents at end of year	<u>\$ 1,347,271</u>	<u>\$ 1,354,385</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 142,838	\$ (5,879)
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</b>		
Depreciation and amortization	384,106	375,141
Prior period sales tax paid		(32,892)
<b>Change in assets and liabilities:</b>		
Increase (decrease) in customer accounts receivable	5,881	(8,248)
Increase (decrease) in other accounts receivable		(4,560)
Increase (decrease) in accounts payable and accrued expenses	(4,878)	(58,352)
Increase (decrease) in accrued payroll taxes	(1,838)	(12,916)
Increase (decrease) in customer deposits	95,808	18,274
Net increase (decrease) in due to/from other funds	7,881	8,487
Total adjustments	<u>484,917</u>	<u>233,717</u>
Net cash provided (used) by operating activities	<u>\$ 388,795</u>	<u>\$ 228,142</u>

The accompanying notes are an integral part of this statement.

## TOWN OF BLANCHARD, LOUISIANA

### Notes to the Financial Statements June 30, 2005

The Town of Blanchard, Louisiana, (the Town) was incorporated in 1881 under the provisions of the Louisiana Act. The Town operates under the Mayor-Board of Aldermen form of government.

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

##### A. General Statement

The accounting and reporting policies of the Town of Blanchard conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:917 and to the guides set forth in the "Louisiana Municipal Audit and Accounting Guide."

The Town applies all Governmental Accounting Standards Board (GASB) pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1988, unless these pronouncements conflict with or contradict GASB pronouncements.

##### B. Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the Town's Executive and Legislative Branches (the Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

##### C. Fund Accounting

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The Town uses the following funds and group-of accounts.

##### Governmental Fund Type

**General Fund** - The general fund is the main operating fund of the Town. This fund is used to account for all financial resources not accounted for in other funds.

##### Proprietary Fund

**Enterprise Fund** - The Enterprise fund is used for activities which are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expense, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Town maintains an Enterprise Fund for water and sewer utilities.

## TOWN OF BLANCHARD, LOUISIANA

Notes to the Financial Statements  
June 30, 2003

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Account Group

General Fixed Assets Group – The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at the estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

#### D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The governmental fund types use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Those revenues susceptible to accrual are property taxes, franchise taxes, charges for service and interest revenue. Fines, permits and license revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The proprietary fund is accounted for on an economic resources measurement focus using the accrual basis of accounting. Revenues are recorded when they are earned, including unbilled water and sewer services which are accrued. Expenses are recorded as the time liabilities are incurred.

The preparation of financial statements generally requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### E. Budgetary Control

The Mayor and Town Clerk prepare a proposed budget and submit same to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year. The proposed budget is reviewed by the board of aldermen and made available to the public. At least ten days after publication of the call for a public hearing the city holds a public hearing on the proposed budget in order to receive comments from citizens. Changes are made to the proposed budget based on the public hearing and the desires of the board of aldermen as a whole. The budget is then adopted through the passage of an ordinance during the June meeting, and notice is published in the official journal.

During the year, the board of aldermen receives monthly budget comparison statements, which are used as tools to control the operations of the Town. The Town Clerk presents necessary budget amendments to the board when she determines that actual operations are differing materially from

## TOWN OF BLANCHARD, LOUISIANA

Notes to the Financial Statements  
June 30, 2003

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. Budgetary Control (continued)

These anticipated in the original budget. The board in regular session reviews the proposed amendments, makes necessary changes, and formally adopts the amendments. The budget was amended during the year. The adoption of amendments is included in the Town's minutes. The budget is established and controlled by the mayor and board of aldermen at the functional level of expenditure. Unexpended appropriations lapse at year-end and must be reappropriated for the following year to be expended. The mayor and board of aldermen must approve all changes in the budget. The Town does not use encumbrance accounting in its accounting system.

#### F. Cash and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and time investments with original maturities of less than six months. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. The Town may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Under state law, the Town may invest in United States bonds treasury notes, or certificates. These are classified as investments if their original maturity exceed 182 days. All investments are recorded at fair value based on quoted market prices.

#### G. Interfund Transactions

Legally authorized transfers are treated as operating transfers and are included in the results of operations of both Governmental and Proprietary Funds. Short-term amounts owed between funds are classified as "Due to/from other funds".

The Town's Enterprise Fund transfers a cost percentage of related office costs deemed necessary for their operations for that fund but are paid through the General Fund. During the year ended June 30, 2003, the Town transferred \$19,612 as an operating transfer for such costs.

#### H. Fixed Assets

##### General Fixed Assets Account Group

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Accounts Group, and are recorded as expenditures in the governmental fund types when purchased. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

## TOWN OF BLANCHARD, LOUISIANA

Notes to the Financial Statements  
June 30, 2003

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### H. Fixed Assets (continued):

##### Water and Sewer Systems

Additions to the utility plant in service are recorded at cost or, if contributed properly, at the estimated fair value at the time of contribution. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation is provided in the Enterprise Fund in amounts sufficient to retire the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The estimated service lives by asset type are as follows:

<u>Water Utility:</u>	
Purification Plant	50 years
Lines and Motors	30 years
Other Equipment	3-15 years
<u>Sewerage Utility:</u>	
Lines and Pumps	30-50 years
Other Equipment	3-4 years

#### I. Compensated Absences

The Town's liability for accrued vacation leave is considered a current liability payable from current resources. The amounts applicable to the General Fund of \$0,600 and the Enterprise Fund of \$4,000 have been recorded. The accumulated unpaid vacation expires on the employee's anniversary date of employment following the year in which it is earned; therefore, no long-term liability exists.

#### J. Restricted Assets

The Enterprise Fund, because of certain bond covenants, is required to establish and maintain pre-specified amounts of resources (consisting of cash and cash equivalents) that can be used only to service outstanding debt. The Enterprise Fund also requires customers to place a deposit before service is rendered. These monies are restricted and held until the customer disconnects service.

#### K. Fund Equity

Contributed capital is recorded in the Enterprise Fund for capital grants restricted for the acquisition or construction of capital assets. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired or contributed from such resources. This depreciation is closed to the contributed capital account and is reflected as an adjustment to net income.

Reserves represent those portions of fund equity not appropriate for expenditures or legally segregated for a specific future use.

## TOWN OF BLANCHARD, LOUISIANA

### Notes to the Financial Statements June 30, 2003

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### L. Comparative Data

Comparative totals for the prior year have been presented in the accompanying combined financial statements in order to provide an understanding of changes in the City's financial position and operations. However, presentation of prior year totals by fund type has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. Certain comparative data have been reclassified to present such amounts in a manner consistent with the current year's presentation.

#### 2. CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents (book balances) at June 30, 2003:

Demand deposits	\$	1,285,450
Interest-bearing demand deposits		135,911
Time deposit		5,581
Cash on hand		285
Total cash and cash equivalents	\$	<u>1,427,227</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2003, the Town has \$1,405,147 in deposits (collected bank balances). These deposits are secured from risk by \$385,264 of federal deposit insurance and \$1,019,883 of pledged securities held by the custodial bank in the name of the fiscal agent bank (SAGB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, P.L. 381288 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent bank has failed to pay deposited funds upon demand.

# TOWN OF BLANCHARD, LOUISIANA

NOTES to the Financial Statements  
June 30, 2003

## 2. ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at June 30, 2003:

	General Fund	Enterprise Fund
Sales tax	\$ 4,953	\$
Ad Valorem tax	10	
Franchise fees	5,358	
Water & Sewer		142,844
Unbilled Water & Sewer		44,481
Other	1,508	1,381
	<u>\$ 11,821</u>	<u>\$ 188,476</u>

There is no allowance for doubtful accounts. All receivables in the general fund are expected to be collected. The water and sewer receivables are backed by customer's meter deposits. Upon nonpayment and subsequent disconnection, the deposit is applied to any unpaid account balance with the remaining amount, if any, refunded to the customer within a reasonable period of time. Unbilled receivables represent amounts earned which have not yet been billed. Management anticipates that the June 30, 2003 unbilled receivables will be substantially billed and collected in fiscal year 2004.

## 3. LEVIED TAXES

The Town levies ad valorem taxes at the rate of 8.65 mills on the dollar of assessed valuation of property. Of the total millage levied, 8.75 mills are available for general purposes and 1.66 mills are available for sewer depreciation. The assessed valuation of property was \$8,438,080 for the year ended June 30, 2003. Net ad valorem taxes levied were \$89,472. The Property tax calendar is:

Assessment date	January 1, 2003
Levy date	June 30, 2003
Tax bills mailed	November 15, 2002
Total taxes are due	December 31, 2002
Penalties & interest added	January 31, 2003
Tax sale	June 15, 2003

Proceeds of a 1% sales and use tax are dedicated to the police department for the purpose of maintaining and providing police protection. Collections for the year ended June 30, 2003, are \$87,384.

# TOWN OF BLANCHARD, LOUISIANA

Notes to the Financial Statements  
June 30, 2003

## 4. FIXED ASSETS

A summary of general fixed assets transactions for the year ended June 30, 2003, follows:

	Balance June 30, 2002	Additions	Deductions	Balance June 30, 2003
Land	\$ 3,800	\$	\$	3,800
Buildings & improvements	350,800	3,985		354,785
Equipment				
Police Department	294,435	13,089		307,524
Sanitation, Streets, & Right of Ways	5,351	18,414		23,765
General	26,790			26,790
Sewer plant for Enterprise Fund	440,745			440,745
Total general fixed assets	\$ 1,025,841	\$ 34,418	\$	1,060,259

A summary of the Enterprise Fund fixed assets:

Fixed Assets	Balance June 30, 2002	Increases	Decreases	Balance June 30, 2003
Land	\$ 40,850	\$	\$	40,850
Buildings	213,813			213,813
Water System	9,332,295	145,259		9,477,554
Sewer System	1,590,808			1,590,808
Pictures & equipment	155,085	7,808	(11,749)	151,144
Automotive equipment	148,833	13,837	(33,375)	129,295
	<u>11,491,181</u>	<u>167,003</u>	<u>(44,924)</u>	<u>11,613,260</u>
Accumulated Depreciation				
Buildings	48,585	7,808		56,393
Water System	2,908,363	383,681		3,292,044
Sewer System	881,883	44,477		926,360
Pictures & equipment	102,935	14,324	(8,729)	108,530
Automotive equipment	122,485	34,438	(33,375)	123,548
	<u>3,765,001</u>	<u>464,707</u>	<u>(42,104)</u>	<u>4,187,604</u>
Net Fixed Assets	\$ <u>7,726,180</u>	\$	\$	<u>7,425,656</u>

## 5. INTERFUND TRANSACTIONS

As of June 30, 2003, interfund receivables and payables were as follows:

	General Fund	Enterprise Fund
Due from other fund	\$ 5,838	\$ 3,719
(Due to) other fund	(3,719)	(5,838)
Net (Due to)/(Due from)	\$ 2,119	\$ (2,119)

# TOWN OF BLANCHARD, LOUISIANA

Notes to the Financial Statements

June 30, 2000

## 5. LONG-TERM DEBT

At June 30, 2000, the long-term debt of the Town consisted of the following individual issues in the Enterprise Fund:

Water Revenue Bonds with Farmers Home Administration (FARMHA), 3.75%, 40-year revenue promissory note in the original amount of \$381,760 dated June 9, 1988; payable in annual installments	\$	38,887
Water Revenue Bonds, Series 1997, rates varying from 6.125% to 7%, dated April 1, 1997, in the original amount of \$3,715,000. Schedules principal and interest payments due annually through		3,418,000
Water Revenue Bonds, Series 1998, 7.2%, dated July 17, 1998, in the original amount of \$657,684. Scheduled principal and interest payments are due annually through April 1, 2007.		351,935
Water Revenue Bonds, Series 2000, 7.2%, dated December 14, 2000, in the original amount of \$1,890,000. Scheduled principal and interest payments are due annually through March 1, 2027.		1,648,000
Water Revenue Bonds, Series 2001, 7.2%, dated February 6, 2001, in the amount of \$370,000. Scheduled principal and interest payments are due annually through March 1, 2011.		312,000
Total bonds payable		<u>5,758,832</u>
Less bond discount		(38,085)
Less current portion		(214,147)
Long-term debt	\$	<u><u>5,306,362</u></u>

Water Revenue Bonds constitute obligations of the Town solely secured by a lien on and pledge of the net revenues of the water system.

The revenue of the water system and the various special funds established by the town ordinances collateralize the Revenue Bonds. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the Revenue Bond fund. Remaining revenues may then be used for any lawful purpose.

The resolutions authorizing the Water Revenue bonds requires that the Town establish a sinking fund, reserve funds, and a contingency fund and make monthly payments in order to satisfy payments of principal and interest on all bonds payable. To satisfy all bond sinking fund requirements the monthly amount to be deposited into the Sinking Fund is \$40,764. There is also a \$1,240 deposit required monthly to the contingency fund. All reserve requirements for the bonds have been met. The Town has complied with all significant financial requirements as of June 30, 2000.

# TOWN OF BLANCHARD, LOUISIANA

Notes to the Financial Statements  
June 30, 2003

## 6. LONG-TERM DEBT (continued)

(Below is a reconciliation of the various restricted cash and cash equivalents:

Sinking fund requirements for current interest and principal payments	\$	181,333
Reserve for 1995 Water Revenue Bonds		17,638
Reserve for 1997 Water Revenue Bonds		339,525
Reserve for 2000 Water Revenue Bonds		132,408
Bond Contingency funds		37,380
Total cash reserved for Retirement of Revenue Bonds		<u>668,284</u>
Customer utility deposits		<u>339,525</u>
Total Restricted Cash and Cash Equivalents as of June 30, 2003	\$	<u><u>1,007,809</u></u>

The annual requirements to service all debt outstanding as of June 30, 2003, including interest payments, are as follows:

Year ending June 30,	Estimated Fiscal Obligations	
	Principal	Interest
2004	\$ 218,802	\$ 382,687
2005	236,347	336,006
2006	237,888	324,173
2007	233,408	309,369
2008	219,808	284,770
2009-2013	1,456,808	1,273,680
2014-2018	1,398,808	910,888
2019-2023	1,535,808	426,140
2024-2028	829,828	33,380
	<u>\$ 9,558,653</u>	<u>\$ 4,350,113</u>

## 7. RESERVED RETAINED EARNINGS

The amount of retained earnings reserved for revenue bond retirement is detailed as follows:

Restricted sinking, reserve, and contingency funds	\$	668,284
Less:		
Accrued interest payable on revenue bonds		(188,488)
Current maturities of revenue bonds		<u>(214,142)</u>
Reserve for debt retirement	\$	<u><u>265,654</u></u>

## TOWN OF BLANCHARD, LOUISIANA

### Notes to the Financial Statements

June 30, 2003

#### 8. MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA (System)

All full-time police department employees engaged in law enforcement are required to participate in the System. The System is a cost sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

**Plan description** - Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 10 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3.125% of their final-average salary for each year of creditable service. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70806-2250, or by calling (225) 925-1411.

**Funding policy** - Plan members are required by state statute to contribute 7.5% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 9.0% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System for the years ending June 30, 2003, 2002, and 2001 were \$8,574, \$7,359, and \$8,170 respectively, equal to the required contributions for each year.

#### 9. CONTINGENT LIABILITIES

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

The Town participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement that may arise as the result of those audits is not believed to be material.

During the various fiscal years, the Town of Blanchard has been required to relocate water lines along Highway 1 to accommodate a Department of Transportation and Development, State of Louisiana, Highway construction project. Funding is provided by the State of Louisiana to the Town pursuant to Act 319 (R.S. 48:381(C)(2)). In accordance with provisions of this Act, the Town is heretofore prohibited from locating a utility installation in any state-owned right-of-way until the Town reimburses the State for the cost of the relocations.

# TOWN OF BLANCHARD, LOUISIANA

Notes to the Financial Statements  
June 30, 2003

## 10. FEDERAL FINANCIAL ASSISTANCE

During the year ended June 30, 2003, the Town of Blanchard participated in the following federal financial assistance program:

Program Title	OTDA Number	Grant Number	Amount/ Expenditure
United States Department of Justice			
Passed through Louisiana Commission			
on Law Enforcement and Administration of			
Criminal Justice			
Direct Programs—Community Oriented Policing Services	15.7-10	95CFW00413	495
Total Federal Financial Assistance			<u>5</u> <u>495</u>

**TOWN OF BLANCHARD, LOUISIANA  
SUPPLEMENTAL INFORMATION SCHEDULES**

*As of and for the Year Ended June 30, 2003*

**GOVERNMENTAL FUND TYPE - GENERAL FUND**

The general fund is the main operating fund of the town. This fund is used to account for all financial resources not accounted for in other funds.

**PROPRIETARY FUND TYPE - ENTERPRISE FUND**

The enterprise fund accounts for the operations of the town's water and sewer departments. Primarily fees from water revenue and sewer user fees provide financing. Major expenses of the fund are personnel services and depreciation.

## TOWN OF BLANCHARD, LOUISIANA

General Fund

Balance Sheet

June 30, 2003 and 2002

		<u>2003</u>	<u>2002</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$	85,434	\$ 111,887
Investments		5,881	5,881
Other receivables		11,881	
Due from utility fund		5,838	5,467
Utility deposits		50	50
TOTAL ASSETS	\$	<u>79,174</u>	<u>123,755</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Accounts payable and accrued expenses	\$	4,837	\$ 10,330
Due to Utility Fund		3,776	10,860
Total Liabilities		8,613	21,190
Fund balance (unreserved)		70,561	102,565
TOTAL LIABILITIES AND FUND BALANCE	\$	<u>79,174</u>	<u>123,755</u>

The accompanying notes are an integral part of this statement.

## TOWN OF BLANCHARD, LOUISIANA

## General Fund

## Schedule of Expenditures Compared to Budget (GAAP Basis)

For the Year Ended June 30, 2003

With Comparative Actual Amounts for the Year ended June 30, 2002

	2003		Variance Population (Adjustable)	2002 Actual
	Budget	Actual		
<b>GENERAL GOVERNMENT</b>				
Admission fees	\$ 2,700	\$ 2,558	142	7,000
Admission benefits	575	528	49	0
Print minutes expenses	2,800	3,288	(488)	1,250
Election expenses	800	888	88	0
Attorney fees	4,400	3,848	552	8,008
dues and subscriptions	800	488	312	142
Liability insurance	4,000	4,000	0	4,800
Miscellaneous	3,700	4,555	(855)	3,480
Audit	2,375	2,375	0	2,375
Copies	1,200	1,200	(88)	714
Salaries Town Clerk	18,200	15,575	(2,625)	11,857
Employee social security	1,280	1,188	92	362
Tuition	550	564	(14)	0
Town Hall expenses	2,500	2,177	323	0
<b>Total general government</b>	<b>49,800</b>	<b>42,781</b>	<b>7,019</b>	<b>37,430</b>
<b>PUBLIC SAFETY: POLICE</b>				
Personnel services	118,800	117,783	1,017	84,288
Employee benefits	54,240	52,881	1,359	38,518
Insurance	3,300	2,383	917	11,288
Uniforms	1,700	1,714	(14)	2,588
Automotive expenses	11,300	11,300	(0)	13,008
Communication expense	4,000	3,850	150	5,180
Equipment expenses	3,000	5,213	(2,213)	8,485
Miscellaneous	550	579	(29)	3,185
Conference, education, training	3,880	3,738	142	1,800
<b>Total public safety: police</b>	<b>195,670</b>	<b>194,368</b>	<b>1,302</b>	<b>160,132</b>
<b>(SANITATION)</b>	<b>34,800</b>	<b>34,275</b>	<b>525</b>	<b>37,800</b>
Garbage collection				
<b>STREETS AND RIGHT-OF-WAYS</b>				
Street lights	15,800	15,887	(87)	(2,888)
Personnel services	2,400	2,850	(450)	0
Mowing-expense	2,800	2,550	250	2,475
<b>Total streets and right-of-ways</b>	<b>21,000</b>	<b>21,287</b>	<b>(287)</b>	<b>15,113</b>
<b>BUILDING AND GROUNDS</b>				
Community Center	5,300	5,204	96	550
Library-office and maintenance	1,300	1,782	(482)	1,475
Maintenance and supplies	5,000	5,008	(8)	0
Miscellaneous	380	388	(8)	5,000
Tennis courts	2,800	1,878	922	550
Libby's Town Hall	1,750	1,888	(138)	4,507
Personnel services	2,480	2,480	0	0
<b>Total building and grounds</b>	<b>18,910</b>	<b>18,380</b>	<b>530</b>	<b>15,532</b>
<b>CAPITAL OUTLAYS</b>				
Public safety	14,800	12,888	1,912	20,481
Building and grounds	4,800	3,885	815	8,308
Streets and right-of-ways	18,000	18,414	(414)	0
<b>Total capital outlays</b>	<b>37,600</b>	<b>35,187</b>	<b>2,413</b>	<b>28,789</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 383,070</b>	<b>\$ 384,595</b>	<b>\$ -1,525</b>	<b>\$ 312,332</b>

The accompanying notes are an integral part of this statement.

**TOWN OF BLANCHARD, LOUISIANA**  
**Enterprise Fund**  
**Balance Sheets**  
**June 30, 2003 and 2002**

	<u>2003</u>	<u>2002</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 442,428	\$ 471,455
Receivables		
Customer receivables	188,478	194,137
Due from other funds	5,775	18,985
Total current assets	<u>636,681</u>	<u>684,577</u>
<b>Restricted assets</b>		
Cash and cash equivalents	<u>581,546</u>	<u>581,541</u>
Total restricted assets	<u>581,546</u>	<u>581,541</u>
<b>Property, plant, and equipment:</b>		
Land	43,890	43,890
Buildings	213,813	213,813
Water system	9,480,488	9,332,308
Sanitary system	1,890,809	1,890,809
Fiducials and equipment	144,135	144,135
Automotive equipment	128,682	144,833
Less accumulated depreciation	<u>(4,888,377)</u>	<u>(5,746,377)</u>
Net property, plant, and equipment	<u>7,113,430</u>	<u>7,314,394</u>
<b>Other assets</b>		
(Unamortized bond issue costs)	<u>150,718</u>	<u>150,915</u>
<b>TOTAL ASSETS</b>	<b>\$ 8,278,778</b>	<b>\$ 8,455,191</b>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>Liabilities:</b>		
<b>Current liabilities (payable from current assets)</b>		
Accounts payable and accrued expenses	\$ 18,827	\$ 24,938
Accrued payroll taxes and compensated absences	14,883	17,697
Due to General Fund	5,898	5,487
Total current liabilities (payable from current assets)	<u>39,608</u>	<u>48,122</u>
<b>Current liabilities (payable from restricted assets):</b>		
Water deposits	188,523	188,025
Current maturities of long-term debt	214,747	201,854
Accrued interest on long-term debt	168,484	173,281
Total current liabilities (payable from restricted assets)	<u>571,754</u>	<u>563,160</u>
Long-term debt excluding current maturities	<u>6,637,583</u>	<u>6,710,588</u>
Total Liabilities	<u>7,548,945</u>	<u>7,321,870</u>
<b>Fund Equity:</b>		
Contributed capital		
Federal agencies	1,490,882	1,490,882
State and local government	820,866	820,844
Citizens	845,870	850,430
Total contributed capital	<u>3,157,618</u>	<u>3,162,156</u>
Retained earnings		
Reserved for revenue bond retirement	379,458	379,761
Unreserved	<u>58,854</u>	<u>75,236</u>
Total Retained Earnings	<u>438,312</u>	<u>455,007</u>
Total Fund Equity	<u>3,595,930</u>	<u>3,617,163</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 8,278,778</b>	<b>\$ 8,455,191</b>

See accompanying notes to financial statements.

## TOWN OF BLANCHARD, LOUISIANA

## Enterprise Fund

Statement of Revenues and Expenses—Budgetary Basis to Actual  
For the Year Ended June 30, 2003

	ENTERPRISE FUND		
	BUDGET	ACTUAL	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>			
Water sales	\$ 1,363,808	\$ 1,070,807	\$ (32,800)
Sewer service fees	100,000	107,814	7,814
Installations	68,000	68,644	644
Permits and fees	15,000	13,868	(1,132)
Other income	13,000	16,434	3,434
Total operating revenues	<u>1,499,808</u>	<u>1,417,649</u>	<u>(22,181)</u>
<b>OPERATING EXPENSES</b>			
Sideman fees	8,700	8,880	180
Automotive	21,000	23,747	(2,747)
Dues & subscriptions	4,000	4,421	(421)
Employee benefits	85,780	94,781	9,001
Insurance	80,370	78,096	(17,295)
Maintenance and supplies	275,100	275,347	2,762
Miscellaneous	13,857	13,536	321
Occupational license	6,000	6,000	0
Office expense	25,835	24,850	1,045
Payroll taxes	25,804	24,898	1,841
Personnel services	322,808	325,893	(2,893)
Professional service	17,340	17,340	0
Telephone and office	69,625	85,818	4,808
Uniforms	400	418	18
Total operating expenses	<u>837,487</u>	<u>860,736</u>	<u>(15,249)</u>
<b>OPERATING INCOME (Loss) Budgetary Basis</b>	<u>562,321</u>	<u>556,914</u>	<u>(35,289)</u>
<b>NONOPERATING REVENUES (Expenses)</b>			
Interest revenue	15,000	15,526	(276)
Ad valorem taxes	15,000	14,930	70
Act 310 State Highway funds	194,000	197,912	7,912
Gain on sale of asset	1,100	0	1,100
Interest expense	(285,000)	(285,081)	81
Net non-operating revenues (expenses)	<u>(179,900)</u>	<u>(171,623)</u>	<u>(8,277)</u>
Income (loss) before operating transfers	<u>382,421</u>	<u>385,291</u>	<u>(2,870)</u>
Operating transfers to other funds	<u>(50,000)</u>	<u>118,012</u>	<u>48,012</u>
<b>NET INCOME (Loss) Budgetary Basis</b>	<u>332,421</u>	<u>503,304</u>	<u>1,701</u>
GAAP adjustment for unbudgeted depreciation/amortization		<u>(283,313)</u>	
<b>NET INCOME (Loss) GAAP Basis</b>		<u>220,000</u>	

The accompanying notes are an integral part of this statement.

**TOWN OF BLANCHARD, LOUISIANA**  
**Enterprise Fund - Water and Sewer Departments**  
**Statement of Revenues, Expenses, and Changes in Retained Earnings**  
**For the Year Ended June 30, 2003**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Water sales	\$ 1,270,887		\$ 1,270,887
Sewer service fees		187,814	187,814
Installations	88,444		88,444
Permits and fees	3,880	10,880	14,760
Other income	18,484		18,484
Total operating revenues	<u>1,380,695</u>	<u>198,694</u>	<u>1,579,389</u>
<b>OPERATING EXPENSES</b>			
Advertising fees	8,400	2,400	8,800
Automotive	21,347	2,800	23,147
Depreciation	285,090	68,014	353,104
Dues & subscriptions	4,431		4,431
Employee benefits	35,048	8,301	43,349
Insurance	23,027	8,088	31,115
Maintenance and supplies	246,817	88,508	335,325
Miscellaneous	13,870	27	13,897
Occupational taxes	8,588		8,588
Occupational license	22,348	1,541	23,889
Office expenses	22,359	2,880	25,239
Payroll taxes	22,359		22,359
Personal services	300,640	22,817	323,457
Professional service	14,840	2,880	17,720
Telephone and utilities	51,417	14,188	65,605
Uniforms		478	478
Total operating expenses	<u>1,188,387</u>	<u>188,624</u>	<u>1,377,011</u>
<b>OPERATING INCOME (Loss)</b>	<u>192,308</u>	<u>10,069</u>	<u>202,377</u>
<b>NONOPERATING REVENUES (Expenses)</b>			
Interest income	13,148	1,000	14,148
Ad valorem taxes		14,000	14,000
Act 1718 state highway funds	181,870		181,870
Gain on sale of asset	808		808
Gain on sale of asset	(8,287)		(8,287)
Amortization of bond discount	(665,080)		(665,080)
Interest expense	(158,808)	30,278	(128,530)
Net non-operating revenues (expenses)	<u>(546,449)</u>	<u>45,288</u>	<u>(501,161)</u>
Income (Loss) before operating transfers	<u>(354,141)</u>	<u>55,357</u>	<u>(298,784)</u>
Operating transfers to other funds	(18,670)	0	(18,670)
<b>NET INCOME (Loss)</b>	<u>\$ (372,811)</u>	<u>\$ 55,357</u>	<u>\$ (317,454)</u>
Depreciation transferred to contributed capital			90,236
(Increase)/Decrease in income for revenue bond retirement			5,029
Net change in unreserved/retained earnings for the year			<u>(19,189)</u>
<b>UNRESERVED RETAINED EARNINGS, BEGINNING OF YEAR</b>			<u>18,238</u>
<b>UNRESERVED RETAINED EARNINGS, END OF YEAR</b>			<u>\$ (1,951)</u>

## TOWN OF BLANCHARD, LOUISIANA

Enterprise Fund - Water and Sewer Departments

Schedule of Actual Operating Expenses Compared to Budgetary Basis

For the Year Ended June 30, 2002

With Comparative Actual Amounts for the Year ended June 30, 2001

	2002			2001 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
<b>WATER DEPARTMENT</b>				
Aldermen fees	\$ 5,300	\$ 5,400	\$ (100)	\$ 5,300
Automotive expense	19,000	21,247	(2,247)	17,132
Dues & subscriptions	4,000	4,431		
Employee benefits	77,130	73,060	1,140	73,408
Insurance	80,300	73,027	(7,273)	87,668
Maintenance and supplies	284,300	218,817	(65,483)	283,807
Miscellaneous	13,000	13,512	50	17,733
Occupational licenses	6,000	6,000	0	
Office expenses	23,300	22,549	751	22,813
Payroll taxes	24,000	22,289	1,711	34,377
Personnel services	300,000	300,048	(3,048)	281,387
Professional services	14,750	14,640	110	42,264
Telephone and utilities	63,820	61,418	2,402	66,228
Total water department operating expenses	<u>881,390</u>	<u>835,175</u>	<u>(46,215)</u>	<u>881,318</u>
<b>SEWER DEPARTMENT</b>				
Aldermen fees	2,400	2,480	0	2,400
Automotive expense	2,000	2,000	0	957
Employee benefits	8,650	8,301	349	6,800
Insurance	5,070	5,060	1	4,808
Maintenance and supplies	87,600	88,320	1,270	26,778
Miscellaneous	27	27	0	
Office expenses	2,630	2,541	89	226
Payroll taxes	2,000	2,000	(0)	2,598
Personnel services	22,000	22,817	(817)	26,870
Professional services	2,000	2,000	0	2,278
Telephone and utilities	10,000	14,180	1,601	17,258
Uniforms	400	400	(0)	
Total sewer department operating expenses	<u>122,180</u>	<u>118,586</u>	<u>(2,432)</u>	<u>86,798</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>\$ 1,003,570</u>	<u>\$ 953,761</u>	<u>\$ (49,809)</u>	<u>\$ 968,116</u>

The accompanying notes are an integral part of this statement.

**TOWN OF BLANCHARD, LOUISIANA**  
**Schedule of Compensation and Reimbursed Expenses Paid Board Members**  
**For the Year Ended June 30, 2003**

	<u>Compensation</u>	<u>Reimbursed Expenses</u>	<u>Total</u>
Mayor Penwarden	\$ 3,600	\$ 502	\$ 4,102
Alderman Ashby	1,200		1,200
Alderman Dighearts	2,400	104	2,504
Alderman Jones	2,700		2,700
Alderman Prescott	2,400	104	2,504
Alderman Tupper	2,400		2,400
Alderman Lee	1,500	380	1,880
Total	\$ 17,600	\$ 1,086	\$ 18,686

**Report on Compliance and on Internal Control over Financial Reporting Based  
On an Audit of Financial Statements in Accordance with Government  
Auditing Standards**

The Honorable Larry Perreault  
And the Members of the Board of Aldermen of  
The Town of Blanchard, Louisiana

I have audited the general-purpose financial statements of the Town of Blanchard, Louisiana, as of and for the year ended June 30, 2003, and have issued my report thereon dated September 5, 2003. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Town of Blanchard, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Town of Blanchard's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the Town of Blanchard, Louisiana, management of the Town's office, cognitive agencies, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Deborah D. Dees, CPA*  
Nashfield, Louisiana  
September 5, 2003

**TOWN OF BLANCHARD, LOUISIANA**  
**Schedule of Findings and Questioned Costs**  
**For the Year ended June 30, 2003**

**SUMMARY OF AUDITOR'S REPORTS**

**INDEPENDENT AUDITOR'S REPORT:**

I have audited the general-purpose financial statements of Town of Blanchard, Louisiana as of and for the year ended June 30, 2003, and have issued my report thereon dated September 5, 2003. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of the general-purpose financial statements as of June 30, 2003, resulted in an unqualified opinion.

**REPORT ON INTERNAL CONTROL AND COMPLIANCE OVER FINANCIAL REPORTING:**

The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

**TOWN OF BLANCHARD, LOUISIANA**  
*Schedule of Prior Years Audit Findings*  
For the year ended June 30, 2009

**FINDINGS RELATED TO INTERNAL CONTROL**

**COMPLIANCE FINDINGS:**

Finding 2002-1 Violation of LSA-RS 39:1307 Public participation of the Local Government Budget Act.

**Management response:** Resolved

Finding 2002-2 Violation of LSA-RS 32:2609 requiring deposits of cash and cash equivalents be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

**Management response:** Resolved.

Finding 2002-3 Bond sinking fund, contingency, and reserve payments were not made monthly as required under the Town's bond ordinances.

**Management response:** Resolved

Finding 2002-4, 80-3 and 81-3: Periodic Review of Gasoline Charge Tickets.

**Management response:** Resolved